







# Wily Trent Lott holds whip hand



The US this week  
Martin Walker

President Clinton celebrated his re-election victory by leaving the battlefield for a triumphant tour of the Asia-Pacific region, and to consolidate the free-trade strategy that was the most important legacy of his first term.

That at least was the way the White House background briefings chose to put it, and it all sounded a great deal more high-minded than the confused and grumpy way in which the United States was shamed by France and cajoled by Canada into joining the worryingly ill-conceived multinational force to do something — although few would say what — about the humanitarian disaster in Zaire.

But by leaving the Washington battlefield, Clinton abandoned it to his new adversary, the wily Republican Senate leader, Trent Lott of Mississippi. As Republican leaders rallied to save Newt Gingrich's post as Speaker of the House from an internal revolt, it has become clear that Clinton's second term will be defined by how well he gets on with Senator Lott, aged 55, the fellow-Southerner and fellow-Baptist whom he successfully bamboozled last year. Lott was the Republican whip last year who thought that Dick Morris, the politically ambidextrous campaign strategist he shared with the president, would be the perfect back-channel for a secret deal to be negotiated on the budget.

"We don't really have to have a train-wreck, Mr President," Lott told Clinton in a discreet phone call last August, signalling that he saw no reason to deliver a draconian Republican budget that would force a presidential veto and close down the government, as the other Republicans were threatening. Clinton strung Lott along — and perhaps Morris too — with the tantalising prospect of a budget deal that Clinton finally rejected, preferring to define himself as the president who defended the elderly against the heartless Republicans.

It will take a lot to get Lott to trust Clinton again. He nurses a grudge which may already have sunk the president's plan to get Medicare and social security reform out of politics by setting up bipartisan national commissions to come up with solutions both parties can accept.

"The Democrats misrepresented us, lied and demagogued us up and down about Medicare," Lott said in a comment that may have killed any Clinton hope of a bipartisan spirit between Congress and the White House. That remark stood in sharp contrast to Lott's emollient words

immediately after the election result was announced, when he said: "We want to put the bitterness of the campaign behind us as much as we can, and work together."

The two remarks betray what Lott's enemies (and there are many in the Republican party who think he brusquely shouldered them aside on his way to the top) see as an over-tricky flexibility. It was best summed up in the careful way he signalled that he was ready to compromise with the re-elected president, but on his terms.

"Bill Clinton said he was for less government and less taxes. He talked like a Republican. If he means that sincerely, we can work together on continuing to reduce the deficit and balance the federal budget. I think we can come to an agreement on some tax cuts that would be good for the economy and make the tax code fairer."

The president's latest comment — that he might accept a balanced budget amendment, so long as it permitted Keynesian deficit-budgeting in a recession — was a down-payment on Lott's goodwill. An overtly friendly fellow, Lott was a male cheerleader at his college and sings an excellent bass in the Republican party's barber-shop quartet. He learned his politics at Ole Miss, the University of Mississippi, where to be elected chief cheerleader was the way ahead in campus and state politics.

As leader of the Senate, Lott now outshines the Republican Speaker of the House because his Senate team won two extra seats while the House team lost nine, and because Gingrich is distracted by the continuing probes by the congressional ethics committee into the relations between his campaign finance and his private think-tank ventures.

Trent Lott was born and brought up as a Democrat, in a classic blue-collar household in Mississippi, where his alcoholic father was a pipe fitter and his mother a teacher. After graduating from the local Mississippi law school in 1967, he came to Washington to work on the staff of the veteran segregationist and Democratic congressman, William Colmer. When Colmer retired in 1972, Lott ran for his seat with Colmer's blessing, but as a Republican. He was one of the wave of Democratic defectors who shifted to the banner of President Nixon's Southern strategy, and later became one of Nixon's staunchest defenders on the House judiciary committee inquiry into the Watergate scandal.

Becoming a senator in 1988, Lott joined his friend, the then congressional whip Newt Gingrich, in opposing the 1990 budget compromise that forced President Bush to renounce on his famous read-my lips promise of no new taxes. But Lott carefully stayed close to Texas Senator Phil Gramm, who helped negotiate that deal. Lott then went against the wishes of his Senate leader Robert Dole to run for, and narrowly win, the election as Senate Republican whip in 1995. With Gramm's support, this guaranteed Lott the succession when Dole stepped down to run for the presidency.

In the past five months, he has proved a pragmatic Senate leader, ready to compromise with the Democrats to pass the minimum wage



increase and welfare reform, insisting that the Republican Congress had to have some achievements to boast of when they faced the voters. The big question in Washington is whether he will continue that pragmatism or wreak revenge on Clinton.

Meanwhile, somewhere in Asia, Clinton is planning to bounce the European Union into his free trade agenda all over again. Because the Asian card worked so well last time he tried it, he cannot resist the temptation to play it again.

THREE years ago, when US and European trade negotiators were deadlocked on the last lap of the Uruguay round of the Gatt world trade pact, Clinton convened the first Pacific Rim summit in Seattle in November, 1993. Dubbed the Asia-Pacific Economic Conference (Apec), it was carefully designed to exclude the Europeans.

Given that Clinton was already furious with the British and French over Bosnia, and his secretary of state Warren Christopher was sniffing that US foreign policy had been "no Eurocentric for too long", the Europeans grew exceedingly nervous. If the Gatt round failed altogether, the US was clearly content to arrange its own trading strategy with the Pacific Rim, which include the fastest-growing economies on the planet. "We had no choice but to reach a settlement," commented one of the top European negotiators. "The Americans had an alternative and we didn't."

The high point of Clinton's tour, as he still basks in the glow from his re-election, will be the fourth Apec summit at the old UN Naval base of Subic Bay in the Philippines.

These events deserve a lot more attention than they usually receive

in the European media. Clinton's first Apec summit agreed to explore whether the Pacific Rim countries could "achieve free and open trade and investment in the region". The second, at Bogor, Indonesia, agreed that they could, and formalised a plan for the industrialised Apec members progressively to achieve free trade among themselves by 2010, with the less industrialised countries following suit by 2020. The third, at Osaka last year, laid down the procedural steps to achieve this, with each country expected to produce an individual action plan, and then co-ordinate this with a comprehensive action plan agreed by them all.

This makes Apec sound a lot more smoothly organised than it is. Dreadful trade-rows between China and the US, and rather less serious ones with Japan, keep the political tensions high. Malaysia is characteristically grumpy. Indonesia worries its partners over human rights and East Timor, and is now so much raw meat for the American media after the fuss about dubious donations to the Clinton campaign.

But step back from the rows, and something of awesome potential is being built, whose implications range far beyond trade. This is one international forum where Taiwan and China sit together, where countries like Chile and Peru are now being steered into membership, and where Russia is still carefully excluded. The US, of course, is first among equals, locking itself into the heart of what will be one of the central institutions of the next century.

Moreover the Apec effect carries some rather important implications for the Asians. The Bush administration tried to persuade Japan to change the fundamental nature of its society, to break loose from the

ministry of finance bureaucracy and open its markets, break the local distribution and retail monopolies, and deregulate Japan's financial markets.

Clinton dropped the messianic rhetoric, and has secured a strengthened US-Japanese security agreement. Last week, the Japanese prime minister, Ryutaro Hashimoto, announced an ambitious package of financial deregulation, explicitly aimed at making the Tokyo markets "equivalent to those in New York and London by 2001".

FOR the Subic Bay conference this week, the Americans and the Japanese have cooked up a deal to keep up the momentum of the Apec process by demanding a new information technology agreement that will bring free trade within three years to a sector currently worth half a trillion dollars a year. As drafted, the ITA would be all-embracing, ranging from semiconductors to consumer electronics to hardware and software. The idea is to secure an Apec consensus, and then move directly to the World Trade Organisation's first ministerial meeting in Singapore, and bounce the Europeans into agreement, just as they did with the Uruguay round.

There are important voices hoping to push this even further, and get the WTO to follow the original Apec commitment to set firm targets to achieve global free-trade for all developed nations by 2010, and for everybody by 2020. This is the ploy of Fred Bergsten, a general former US Treasury official and basketball fan who runs the one of the world's least-known but most influential think tanks, the Institute for International Economics in Washington DC.

As chairman of the Eminent Persons Group, the body which fleshed out the vague ambitions of Apec and acted as the sherpa to the first crucial summit, Bergsten is the intellectual godfather of Apec from the beginning. As host to this week's summit, the Philippines asked Bergsten to resume his work, in the full knowledge of his missionary zeal to achieve global free trade as soon as he can.

"The combination of global free trade proposals and an information technology agreement would have a dramatic impact on both Apec and the World Trade Organisation," Bergsten told a Washington gathering last week of US and Asian officials, businessmen and a selected handful of journalists.

"Their adoption would install Apec definitively as a permanent bulwark of regional co-operation and a decisive force for world prosperity and stability," he went on. "It would assert leadership of the global trading system."

The question for Europeans is whether they climb aboard this bandwagon or try to slow it. At the Naples Group of Seven summit in July 1994, the Europeans turned down Clinton's proposal for "Open Markets 2000". But there could be a deal in the offing. Without European support, there will be no great breakthrough at the WTO conference in Singapore. The Europeans want the Americans to drop the ridiculous Helms-Burton law, which exposes their businessmen to the tender mercies of the US courts if they trade with Cuba, and the other offensive US attempt to block foreign investment in Iran's oilfields. It could be time to bargain, but do not forget that any deal would need the co-operation of Senator Trent Lott, the new master of Congress.

# Enraged Mr Clean quits Italian cabinet

John Hooper in Rome

ANTONIO DI PIETRO, the former anti-corruption prosecutor who became a national icon by setting off Italy's "quiet revolution", stormed out of government last week after learning he had again been put under investigation for corruption.

In a bitter letter to the prime minister, Romano Prodi, he said: "I have to be made to pay at all costs for my only real fault (of which, moreover, I am proud) — that of having wanted at all costs to do my duty to the end. At this point, I am saying  *basta!* [enough]."

Prof Prodi promised to ask his former public works minister to reconsider his decision. But in his letter, Mr Di Pietro "earnestly begged" him not to do so. And Mr Di Pietro's spokeswoman said the decision was "irrevocable".

Mr Di Pietro's departure has potentially far-reaching implications. It creates a new nightmare for the centre-left government, already struggling to get a vital austerity budget through parliament. It removes a furiously dynamic and controversial personality from the political stage.

But it also raises the strong possibility of Mr Di Pietro, Italy's most popular public figure, creating his own political movement. A populist by inclination, he now has many additional reasons for distrusting left and right.

Speculation that he might go, and then form a party of his own, had earlier been aired in connection with another political departure, that of Alessandra Mussolini. The granddaughter of Italy's wartime dictator let it be known that she had resigned from the hard-right National Alliance.

She has said she was upset at not having been given a sufficiently prominent role in the party's reorganisation. Her exit was also a prelude to linking up with Mr Di Pietro in a new populist movement. She praised Mr Di Pietro for his "decisive, consistent, rigorous move... Now he is free to clear up his position at a time of poisonous rumours".

It was confirmed last week that Mr Di Pietro had been formally placed under investigation by prosecutors in the northern town of Brescia. They had reportedly decided to look into claims by a corruption suspect that he once bought off the "Clean Hands" anti-corruption team of which he was the best-known member.

Mr Di Pietro said he had had enough "above all, of those who want to use me as a way of discrediting the Clean Hands inquiry on the one hand and the government and the institutions of state on the other".

Silvio Berlusconi, the opposition leader, is himself on trial for bribery. The man formerly in charge of his party machine is under investigation for plotting to end Mr Di Pietro's career as a prosecutor by means of earlier corruption accusations that were thrown out in court.

However, of late, the biggest problems the Clean Hands investigation has had to deal with have come from Mr Prodi's government and the main party backing it, the formerly communist Democratic Party.

# Troubled times stretch faith in Kohl

The German chancellor is pushing hard for a single European currency. Can he deliver? Ian Traynor and Martin Woollacott report from Bonn



PETER ERMILICH spent last week banging a steel drum in a rainswept Bonn, fearful for his future, his job, and the livelihood of his mining community.

A hundred metres away, Helmut Kohl was pushing through morose cuts in Germany's generous system of benefits and industrial subsidies. For the German chancellor, this is the road to European integration and the 21st century. For Mr Ermilich and the other miners staging a round-the-clock vigil outside Mr Kohl's office, it is the road to ruin.

"All these cuts are going to kill us," said Mr Ermilich, aged 36, a Dortmund miner who went down the pit as a teenager. "Cool not Kohl," the banners proclaimed in protest at government plans to slash mining subsidies. "Once the colliery dies, the town dies."

These are troubled times for all Germans. In his determination to achieve European political and monetary union, the chancellor has thrust a huge burden on the shoulders of his country. The word one hears more and more in Germany is *überfordert* (overstretched).

Many Germans worry that Mr Kohl has bitten off more than he can chew — unemployment expected to exceed 5 million next year; the belt-tightening needed to make the grade for the single currency; the continuing costs of German unification; a general election in two years' time; the risks posed to German prosperity and industrial progress by globalisation; the move of the entire governmental apparatus from Bonn to Berlin. And all of this before the end of the century.

"Something has to give," said Thomas Kielinger, a commentator in Bonn. "The single currency pro-

ject has severely overloaded the circuits. This country has overextended its capacity to cope with its problems."

In short, with Chancellor Kohl in his 15th year in power, the German state confronts the biggest changes since the upheavals of the late 1960s, and perhaps since the war.

Warnings of trouble ahead are more and more frequent. The latest was last week's report by Germany's council of economic advisers warning that the gap between Germany's economic performance and the Maastricht requirements was widening. The economists argued that public finances in Germany and elsewhere in Europe were in such a fix as perhaps to require a delay in the single-currency launch. Mr Kohl, politicians, and business leaders brushed off the warnings — signalling that political resolve on the single currency matters more than economic formulas.

But Mr Kielinger said: "There is a continuous piecemeal deterioration of the financial situation... and the blood, sweat, and tears speech has yet to be made."

It would be foolish to conclude that Germany will fall in this extraordinary effort. The chancellor and the bulk of the political and industrial elite are extremely determined.

Mr Kielinger is one of very few who question the whole process.

Mr Kohl has created a situation in which failure as a greater disaster than whatever difficulties lie beyond 1999. "Germany is overloaded with problems," said Jochen Thies, a journalist and analyst, "but Germans see Kohl not as the man who created the problems but as the man who will ensure that they are properly dealt with."

The huge trust in Mr Kohl indicates the depth of German anxiety. The elite also feels the pressure of the rest of Europe's constant need for reassurance.

Beneath a surface confidence in Germany's capabilities and resources lies great uncertainty. The most important decision for decades has been taken without much debate, at a time when the ruling party is under the sway of a long-established leader and the main opposition party is in disarray. It almost seems as if the debate that ought to have preceded the decision is taking place afterwards — when it cannot affect the outcome.

Insecurity manifests itself in many ways. Small savers sail away money in Luxembourg or Switzerland, both to avoid the German taxman and for fear of the leap in the

dark of 1999's single currency launch.

Business capital is also rushing out of the country in search of higher returns. There is a dearth of domestic and inward investment which the economic advisers named as the single biggest reason for the flagging economy.

Among the Bonn elite, even true believers in the European project confess they are having second thoughts about putting their money where their mouths are. Some politicians argue that the challenges of the next few years are so monumental as to require a "grand coalition" of the two big parties — the ruling Christian Democrats and the opposition Social Democrats.

Germans are reluctant risk-takers and Mr Kohl's mission is an unsettling gamble. It is also a venture with almost magical qualities. The 1989 deadline has what the historian Karl Dietrich Bracher calls "psychological" resonance.

"The mantra is that everything has to happen before 2000. Why must everything happen in 1999? There are magical, psychological and irrational elements."

The 1999 deadline can be seen as a way for Germany to end in a positive way a century in which it caused disaster for itself and for Europe. It marks 50 years since the first steps to reintegrate post-war Germany into Europe and the international community. It also marks the switch from Bonn to Berlin.

The rest of Europe is inevitably caught up in this German millennium and dependent on how potent this German magic proves. Few Germans oppose it, not many express clear doubts, but the ambitiousness of what is being attempted occasionally produces an oblique admission that things could go wrong.

One Kohl aide, after talking at length of the firmness with which the chancellor and Germany are pursuing their objectives, eventually paused, shrugged, and said: "If it doesn't work out, at least we will have Berlin as the capital."

# Golden opportunities

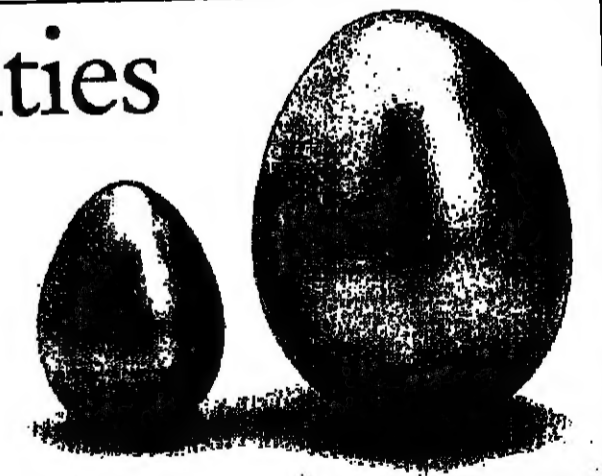
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# Prisoners win early release

Alan Travis

**T**HE first of more than 800 prisoners, mostly burglars and thieves, were released last week after a devastating High Court judgment against the Home Secretary, Michael Howard.

Three judges, including the Lord Chief Justice, Lord Bingham, ruled that the way the prison service had calculated release dates of inmates serving concurrent sentences had been unlawfully applied for 30 years. The Home Secretary was refused leave to appeal.

"Early indications are that some 800 serving prisoners are likely to be affected," the Prison Minister, Ann Widdecombe, said. "About 50 will be eligible for immediate release."

Thousands more prisoners who have already ended their sentences are also likely to be entitled to compensation worth a total of up to £18 million.

The inmates in the test cases were Michelle Carol Evans, who was serving two years for burglary, robbery and assault, and Paul Reid, jailed for two years and three months for burglary and handling stolen goods. Both were released within hours of the court ruling.

The ruling by Lord Bingham, Lord Justice Rose and Mr Justice Blofeld on the way time spent on remand is deducted from concurrent sentences follows the "great escape" over the summer when prisons had to release early 541 inmates serving consecutive sentences. A High Court victory for Mr Howard halting those releases paved the way for last week's decision.

Lord Bingham said that the whole mechanism for working out sentences was a mess: "The principle that a prisoner's release date should be beyond dispute... is of great importance." In fact the rules were "not clear to the courts, or the

legal profession, or prisoners, or — it would seem — the prison authorities," he said.

The ruling held that the prison service system for calculating remand time to be deducted from multiple sentences was flawed. It only deducted time spent on remand for the most serious crime, rather than the total time awaiting trial.

Mr Howard's new crime bill will give judges the power to decide how much remand time to deduct from multiple sentences in each case.

Prisoners are to be held in police cells as an emergency measure to cope with the steep rise in the jail population, the director general of the Prison Service, Richard Tilt, revealed. These contingency plans came as the jail population exceeded 58,000 for the first time and amid warnings that overcrowding, money shortages and the inactivity of inmates jeopardised improvements to prison regimes.

# 'Fat cats' in Labour sights

Chris Barrie and Gella Weston

**L**ABOUR last week served notice on the privatised industries and the Government that it will not back down on plans to levy a windfall tax and that exposing "fat cat" payments to utility industry executives will be high on the party's electoral agenda.

The Opposition hardened its stand against the pay bonanza for some company executives after revelations that a small number of senior managers from the privatised electricity companies made close to £27 million from recent takeovers and mergers.

As pensioners and unions condemned the huge payments in share options and as compensation for loss of office, Labour said it would use this latest evidence of corporate excess to attack Government complacency and promote vigorously its plans for a windfall tax on the privatised utilities.

The compensation payments were made to executives following last year's takeovers of Eastern Group, Norweb, Seaboard, South Wales Electricity, and Manweb. Six regional electricity companies were bought last year as part of the wave of electricity industry takeovers.

Jack Jones, president of the National Pensioners Convention, called for the executive pay bonanza to be used instead to eliminate standing charges on electricity bills for the elderly.

Alan Milburn, a senior member of Labour's Treasury team, warned that the public would be disgusted by the scale of the telephone num-

ber salaries and kickbacks. "While executive pay abuse is handing out windfall gains to a few, Labour's windfall tax on the excess profits at the privatised utilities will fund a jobs programme for the many."

Brian Wilson, Labour's campaign organiser, condemned ministers' protestations about the utilities' inability to afford the windfall tax. "They will sound even more hollow after these revelations." And he attacked the Prime Minister for wielding little influence over his greediest supporters. "On innumerable occasions he has put on his stern voice to say how much he disapproves of fat cat behaviour and they just carry on ignoring him."

But the Trade and Industry Secretary, Ian Lusk, declined to condemn the payouts. Boardroom "adjustments" were a matter for the directors concerned, he said. The payouts were "entirely separate" to decisions made by his department on whether to allow further takeovers in the power industry.

Although some utilities are replacing controversial share option schemes, following recommendations on executive pay by the CBI-sponsored Greenbury committee, new long-term incentive plans are likely to prove even more lucrative for utility company directors.

But the Association of British Insurers, representing institutional investors who own one in three of all shares, said that share options were not an appropriate system of reward for newly privatised concerns such as the regional electricity companies.

# UK appeal on Hong Kong

Ian Black

**B**RTAIN last week urged China to abandon destabilising plans to replace Hong Kong's democratically-elected Legislative Council with its own provisional government.

Opening the last scheduled Commons debate on the colony before next June's handover to Beijing, the Foreign Secretary, Malcolm Rifkind, called on China to think through the full consequences of building this legislative edifice on such shaky foundations. China would have to explain to Hong Kong and the world why it chose to replace a body for which more than a million Hong Kong people voted with one chosen by a hand-picked electorate of 400.

He warned MPs that prospects for agreement with China were "not encouraging". Nor had China been forthcoming with assurances on future safeguards for human rights.

The Foreign Secretary reiterated promises that some 5,000 mostly Indian Hong Kong residents who have been denied full British citizenship would be granted admission to and settlement in Britain "in the unlikely event that they came under pressure to leave Hong Kong."

A Tory backbencher, Sir Patrick Cormack, urged: "If he can go so far, why can't he go one step further?" Former Tory minister David Howell urged Mr Rifkind and the Home Secretary to find "a noble solution to this small but important problem".



Coming home... The stone of Scone crossed the Tweed into Scotland last week, under the eye of 40 King's Own Scottish Borderers. It is being kept safe from Plantagenet ghosts and nationalist cat burglars in the secure room of a government laboratory

# Mayhew offers hint to IRA

David Sharrock

**T**HE Government strongly hinted to the IRA at the weekend that it would respond positively to a renewed ceasefire when Sir Patrick Mayhew, the Northern Ireland Secretary, agreed point by point with a speech made by Martin McGuinness 24 hours earlier.

Speaking from the scene of the IRA's Manchester bomb, Sir Patrick asked a series of rhetorical questions which both Mr McGuinness, Sinn Féin's chief negotiator, and the party's president Gerry Adams have repeatedly posed.

"What is the British Government's objective in Northern Ireland?... Is it, as some claim, to achieve victory?... Is it to deliberately stall any prospect of progress in the hope of permanently excluding Sinn Féin? The answer is an emphatic no," he said.

Then, carefully mirroring Sinn Féin language, Sir Patrick made a series of assertions. The Government's objective was not to "impose a particular outcome" but to reach "a comprehensive agreement through democratic and peaceful methods".

Sir Patrick said history would show the IRA made a tragic and wicked mistake when it abandoned its ceasefire "just when it became possible to see that negotiations, with Sinn Féin included, could be put in place".

# Tory delight at big drop in claimants

Richard Thomas

**T**HE Government received a welcome boost last week when a sharp cut in the jobless statistics raised the prospect of unemployment falling below 2 million before Christmas.

Announcing a 40,800 drop in the jobs total during October — to its lowest level for more than five years — Michael Heseltine, the Deputy Prime Minister, hailed a "sparkling performance" by the economy.

He said the fall in the number of people out of work and claiming benefits to a seasonally adjusted 2,030,000 demonstrated the advantages of a free labour market and John Major's opt-out from the European social chapter.

"Britain is on the move," he said. "More of our people have jobs and fewer are out of work than any other major European country. Britain's flexible, deregulated labour market delivers jobs."

Although the Office for National Statistics (ONS) said a backlog of claim registrations resulting from the introduction of the Jobseekers' Allowance had flattered the drop by around 10,000, Whitehall and City experts said 30,000 people could come off the count during November and deliver a Christmas present to the Conservatives. The ONS said the average monthly fall

since August had been 32,000.

In the City, the bigger than expected drop — which pushed the rate of unemployment down to 7.2 per cent of the workforce, from 7.4 per cent the previous month — increased speculation of another rise in interest rates to head off inflation.

The good news on jobs has spread to the previously embattled manufacturing sector with a 13,000 jump in factory jobs — all of which went to men — in September.

Labour said the claimant count figures understated the depth of joblessness. Shadow employment minister Ian McCartney said: "Tory unemployment figures are as bogus as Tory promises on tax. The truth is that one in five working households has no one in a job."

Mr Heseltine used the figures to condemn Labour's proposals for a minimum wage and shorter working hours, but the figures hinted at a new readiness in the workforce to strike for better conditions. In September, 123,000 days were lost to strikes, the highest September figure since 1988.

A Mori poll for the Times shows Tory support at its highest level since 1993. The Tories are on 33 per cent, compared with 28 per cent last month. Labour is down six points at 50 per cent, the lowest rating since Tony Blair became leader. The Liberal Democrats stay on 12 per cent.

# World Service rebuke for Birt

Andrew Culf

**T**HE BBC was accused by the Government last week of exaggerating the World Service's funding shortfall and unnecessarily threatening the closure of up to six foreign language services.

Jeremy Hanley, a Foreign Office minister, claimed the corporation was waging a media war to influence the Budget. He told the foreign affairs committee: "We think it is wrong for the BBC to trail the closure of language services, perhaps as a negotiating ploy ahead of the public expenditure statement."

The BBC has warned that the service, funded by government grant-in-aid, faces a £5.3 million shortfall next year, despite making £6.5 million savings. It has warned of a £40 million funding gap over five years. Mr Hanley said the shortfall amounted to only £2.3 million for

next year, and it should be able to continue with its present output.

The BBC's plans included a £10 million investment in a 24-hour news service, he said. "Surely cutting back on planned expansion might be desirable rather than ending existing services."

He denied the BBC had discussed closing any of its 43 foreign language services with the Foreign Office and he rebuked John Birt, the BBC's director general, for giving the Foreign Office only 24 hours' notice of the restructuring, which will result in the merger of the BBC's domestic and World Service programme making.

The campaign by Mr Birt for an above-inflation increase in the television licence fee has been rejected by the Government despite a warning from Mr Birt that deteriorating finances could diminish the BBC's role as national broadcaster.

# Widow turns down £2m

**N**O PENSIONER in Hull was safe last week after the bizarre revelation that a £2.1 million National Lottery jackpot ticket is lying uncashed on an elderly local widow's front room table, writes Martin Wainwright.

Reporters, treasure hunters and officials of Camelot, the Lottery organisers, began a systematic attempt to persuade the reluctant winner to break cover — at least to the modest extent of claiming the prize.

The strangest twist yet in the unpredictable history of lottery oddities followed an unsigned letter to the Hull Daily Mail. The woman's letter said the winning

ticket, from May 24, had been bought by her husband shortly before his death. "It was a grand feeling to win, but too late."

The woman then gave her age, courteously blanked out by the newspaper, and added: "Sorry, I don't wish to give my name. I am sure the fuss would finish me off. The ticket is on the front room table. I keep looking at it — if only I could have my life over."

The six-month deadline for claiming the jackpot runs out this week, and Camelot warned that the money would go automatically into the good causes pool if the woman failed to contact them.

# Barristers set to fight fixed-fee proposals

Clare Dyer

**T**HE Bar Council is fighting proposals by Lord Mackay, the Lord Chancellor — backed by judges — to impose fixed rates of pay on barristers in civil and family cases paid for by legal aid.

Barristers are furious that the proposals, which are open to negotiation, limit QCs to a flat £500 for every day in court after the first day. At present, fees vary according to the difficulty of the case, but many QCs receive £1,000 a day or more, courtesy of the taxpayer.

While criminal barristers' fees are regulated, those handling civil legal aid cases can claim whatever they feel the case is worth. Bills are fre-

quently slashed — "taxed down" in legal jargon — by the district judges who approve them for payment.

White criminal QCs command £500 a day in heavy cases, rising to £750 for a complex fraud, some QCs in big child care cases or complicated divorce cases put in claims for £1,500 or £2,000 per day. Claims for brief fees — for case preparation and the first day of trial — can be as high as £30,000 or £35,000 per QC in a large child abuse case.

This contrasts with the Lord Chancellor's proposal of a £5,500 brief fee for cases lasting 11-30 days.

David Penry-Davey QC, chairman of the Bar Council, said: "These proposals are unworkable, profoundly unfair and will not produce greater access to justice... Practitioners of any seniority or experience will be driven out of civil legal aid work altogether. It will be uneconomic."

Judges at all levels, from district judge to law lord, have voiced growing concerns about the high fees claimed by some barristers in civil legal aid cases. Lord Woolf, Master of the Rolls, warned the Bar's annual conference last year that barristers risked "killing the golden goose".

One district judge said: "One of the things we are very concerned about is the gravy train, particularly in children cases. Exorbitant fees are charged by counsel, which are regularly taxed down."

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# In the Shadows of the Cold War

**OBITUARY**  
Alger Hiss

**A**LGER HISS, 92, the former State Department official whose 1950 perjury conviction for lying to a grand jury about communist espionage activity became one of the most celebrated and dramatic spy cases of this century, died last week at Lenox Hill Hospital in New York. He had emphysema.

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Alger Hiss, lawyer, born November 11, 1904; died November 15 1996



# Cables Shed New Light on Holocaust

**Michael Dobbs**

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CHANGE	CHANGE		CHANGE	
International Growth	+281.4	3 out of 21	+701	AAA
American Composite	+202.3	1 out of 31	+1174	AAA
American Growth	+1120.9	1 out of 13	+1207	AAA
Far Eastern Growth	+431.4	1 out of 14	+1223	AAA
Japanese Growth	+172	1 out of 8	480	AA
European Growth	+170.2	1 out of 24	+1074	AAA
UK Growth	+223	1 out of 24	+1074	AAA
Asia Smaller Markets	+81.3	12 out of 40		
Latin American Growth	+187	15 out of 23		
Global Bond	+256	8 out of 28		

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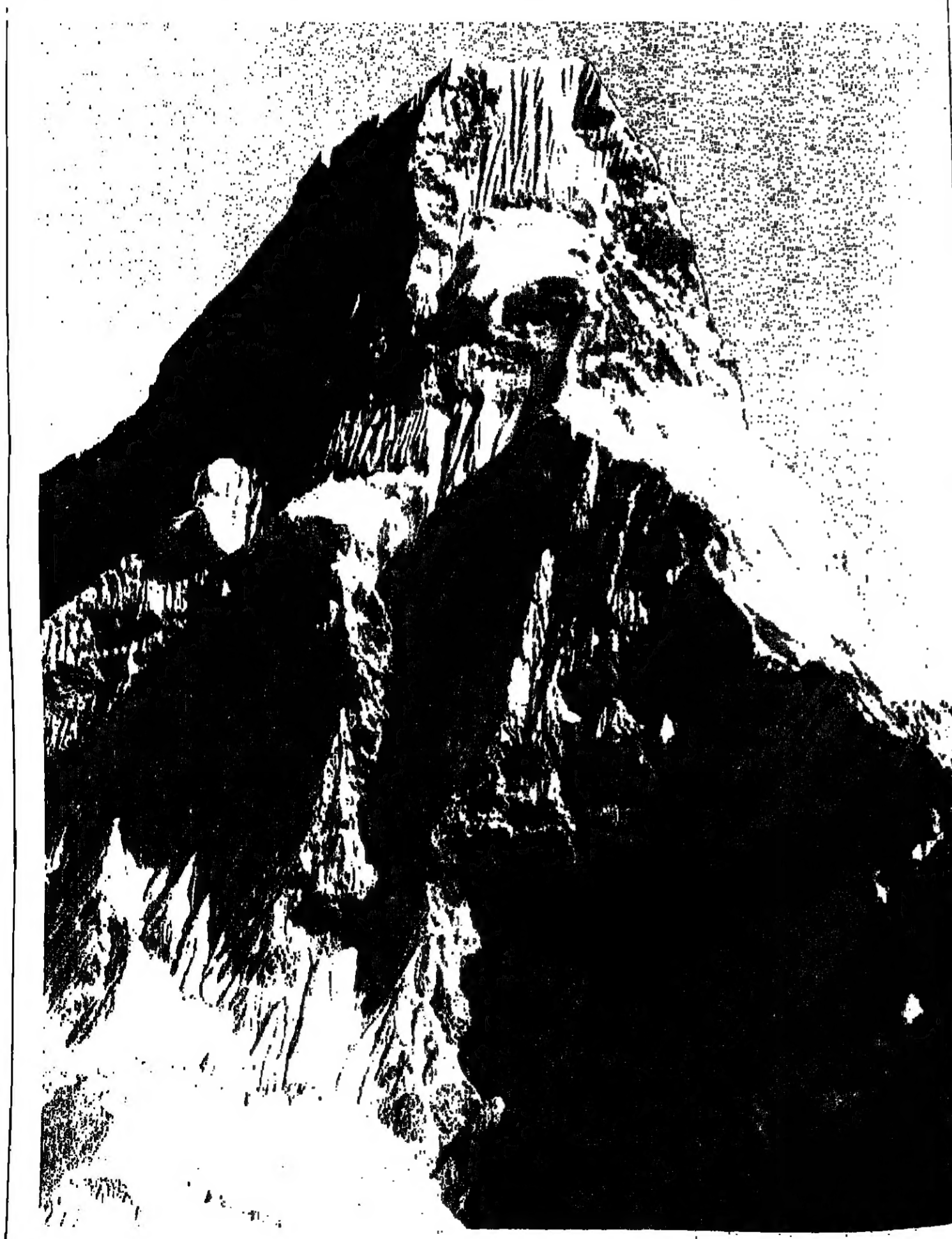
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The report from Bach-Zelewski is just one of hundreds of intercepted German cables recently declassified by the U.S. National Security Agency and now available in the

reading room of the National Archives.  
The intercepts, which were part of the top secret British code-breaking operation known as Ultra, shed new light on the controversial question of what Western governments knew about the Holocaust. Some Holocaust researchers have accused Britain and the United States of withholding information about the mass killings of Jews until the discovery of the concentration camps at the end of the war.  
The release of previously secret German reports on the early stages of the Holocaust follows the Russian decision last month to turn over 15,000 pages of documents covering the same period to the United States Holocaust Museum. The Russian documents are now being sorted and catalogued.  
While considerable attention has been paid to certain Nazi atrocities in the Soviet Union, such as the execution of 32,771 Jews in the Ukrainian village of Babi Yar in October 1941, this stage of the Holocaust is not nearly as well documented as the death camps of Buchenwald and Auschwitz, which began operating in 1942.  
"The Holocaust began on Soviet soil," said Wesley Fisher, deputy director of research at the Holocaust Museum. "Up to now, however, this has been the unknown face of the Holocaust. The Germans did not keep records of everybody they were killing."  
The newly released documents bolster the view that the Holocaust really got underway with Hitler's invasion of Russia on June 22, 1941. During the course of the next few months, hundreds of thousands of Jews were systematically executed by German units in large-scale mopping-up operations.  
The documents also shatter the notion that it was only SS police units, the so-called "Einsatzgruppen," that were committing the atrocities. The new evidence shows that a key role in the extermination of Jews was carried out by the Order Police, municipal units whose activities have attracted relatively little attention from historians.  
Despite the documentary evidence that massacres of Jews were being carried out on Soviet territory, Western governments were reluctant to publicize the atrocities.  
Senior officials in Britain and the United States were skeptical about reports from agents that the Nazis had embarked on a "final solution" of the "Jewish problem." As late as September 1944, a British diplomat argued against publicizing the atrocity stories on the grounds that it would compel officials to "waste a disproportionate amount of their time dealing with wailing Jews."  
"There may have been some anti-Semitism [in the West], but this was not the decisive factor," said Walter Laqueur, author of *The Terrible Secret*, one of the standard works on Western knowledge of the Holocaust.  
"You needed a certain imagination to understand what was going on. The people who were analyzing intelligence reports were narrow-minded. They did not have the perspective that we have now. They wanted to know where a certain brigade was and were not so much interested in reports of atrocities."  
It is unclear when the British made their material available to the Americans. The intercepts, which are stamped "Most Secret. To Be Kept Under Lock and Key. Never to Be Removed From the Office," have not been declassified in England.

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International Growth	+88.4%	3 out of 21	+70.1%	AAA
Emerging Companies	+70.2%	1 out of 31	+117.8%	AAA
American Growth	+113.0%	1 out of 13	+120.7%	AAA
Far Eastern Growth	+45.4%	1 out of 14	+73.3%	AAA
Japanese Growth	+67.3%	13 out of 21	+85.1%	AA
European Growth	+78.2%	4 out of 6	+107.5%	AAA
UK Growth	+33.5%	1 out of 26	+107.5%	AAA
Asian Smaller Markets	+81.9%	18 out of 30	+107.5%	AAA
Latin America Growth	+18.0%	16 out of 23	+107.5%	AAA
Global Bond	+34.8%	82 out of 96	+107.5%	AAA

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Captain outrageous: Liverpool skipper John Barnes rides the back of Leeds United's Paul Bosley during the Merseyside 2-0 victory at Elland Road on Saturday

Tennis

Title stays with Henman

Stephen Blarley

WHAT has been a remarkable year for Britain's No 1... Henman ended in triumph on Sunday with a 6-7, 7-6, 6-4 win over Greg Rusedski in the men's final of the British National championship.

Rusedski played well despite pulling a muscle in Saturday's semi-final, but Henman has fast developed a gift that all the top players possess - the priceless ability to come up with winning shots on the big points.

Henman might yet play in the Grand Slam Cup in Munich next month. He is currently one of two reserves and will receive £30,000 for not lifting a racket.

In truth he probably hopes that nobody drops out between now and early December, for he is in obvious need of mental and physical rest.

Several times in this tournament Henman's mind was clearly wandering off to quieter pastures. Since he reached the semi-finals of the ATP Tour's Ostrava tournament last month the road has been bumpy and hard.

"But that's life, that's tennis," he said. "It was not something that suddenly went drastically wrong. I lost to some very good players. You cannot always have things your own way on court, and it's the same mentally. At times I was battling against myself."

A short final looked in prospect when the injured Rusedski had his serve broken in the third game, but Henman immediately had difficulties with his own serve.

Rusedski went on to take the tie-break 8-6. Henman responded by taking a 2-0 lead in the second set, but then squandered the lead for a second time. Rusedski, having lost here to Henman last year and then been beaten by him again in Ostrava, had promised a new game plan for this time, and Henman's forehead was duly put to the test.

It made no difference in the end. Rusedski made no excuses for his back. "It was difficult to stop, start and turn but I had more mobility than on Saturday," he said.

Football results and leading positions

Table of football results including FA Cup first round, Nationwide League, and FA Carling Premiership.

Table of football results including Nationwide League, FA Carling Premiership, and FA Cup.

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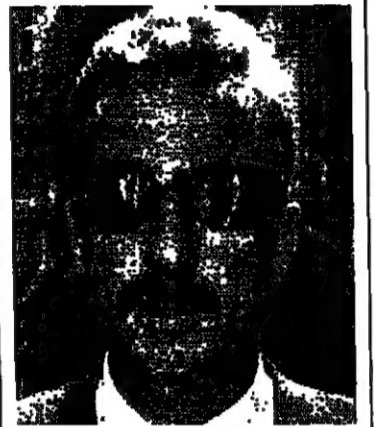
Henman: in need of rest

Sports Diary Shiv Sharma

Botham is back

ENGLAND have added the name of Ian Botham to their cricket tour of Zimbabwe and New Zealand this winter. He will act as technical adviser to the team.

While unjustly-maligned Leicester continued to fly the flag in Europe, Bath, the standard-bearers of new-age rugby, have been peremptorily despatched along with the vaunted London clubs, Harlequins and Wasps, who also sought to play a dynamic 15-man game in their first season in the competition.



Botham: technical role

THE threat of a strike by Nationwide League players has been averted after clubs agreed a new cash deal with the Professional Footballers' Association. Under the agreement, the clubs will pay the union £750,000 a year for five years, the first payment going on benevolent packages, insurance and education.

MARK BOSNICH, the Aston Villa goalkeeper, last week paid a £1,000 penalty for a Hitler salute which angered Tottenham Hotspur supporters - many of whom are Jewish - during his side's match at White Hart Lane on October 12.

FORMER England football coach Terry Venables was expected to sign a deal on Tuesday to coach the Australian team through the Oceania group in his bid to qualify for the 1998 World Cup finals.

TOURING England A team beat the Australian Cricket Academy by seven wickets at Mount Gambier on Monday. The home side resumed their second innings on 70 for two, 56 ahead but quickly found themselves in trouble.

BRITAIN's top sports competitors are to receive up to £28,000 annually in "lifestyle support" from a £40 million-a-year scheme funded from lottery money. The scheme will be a boon to top-level sport, ensuring that competitors at national and international level will not have to take up part-time jobs or struggle on state handouts as they prepare to represent their country.

SIX South African Rugby Union players scored tries as their side recorded a 44-21 victory over Argentina in the second and final Test at Buenos Aires.

ITALIAN middleweight boxer Fabrizio de Chiara, aged 25, died after collapsing at the end of a 12-round title fight with Vincenzo Ippolito in Massa, Italy. His death coincided with the announcement that women and girls over 10 will be allowed to fight as amateurs for the first time in Britain.

LEON STUKELJ, the oldest living Olympic champion, celebrated his 98th birthday last week. He is only two years younger than the Olympic movement itself and won his first medals at the Paris Games 72 years ago.

Rugby Union Heineken European Cup quarter-finals: Cardiff 22 Bath 19

Bath's pride is given a mauling

Robert Armstrong

THE shock-waves of Bath's exit from the Heineken European Cup on the wings of a rousing Cardiff chorus of Bread of Heaven will reverberate throughout England and Wales for months to come.



Two to one: Eric Peters of Bath is isolated as Cardiff's Robert Howley swoops and Jonathan Davies covers at the Arms Park on Saturday

While unjustly-maligned Leicester continued to fly the flag in Europe, Bath, the standard-bearers of new-age rugby, have been peremptorily despatched along with the vaunted London clubs, Harlequins and Wasps, who also sought to play a dynamic 15-man game in their first season in the competition.

According to John Hall, Bath's director of rugby, they will "take stock" of a knockout blow that will cost them up to £500,000 before deciding on measures to achieve consistent results. So far Bath have suffered three defeats in the league in addition to their devastating awaydays in Pontypridd and Cardiff.

That series of set-backs constitutes a genuine crisis for the club, who in recent memory have never slipped so badly in the early months of the season. Their capacity to play the expansive game they espouse is found wanting each time they face a well-organised side like Cardiff, who mix controlled possession with shrewd kicking.

Bath's claim to be "the best club in Europe" had already become an albatross before they came to the Arms Park largely because their game plan looked naïve against other elite opponents.

Hall admitted his post-mortem will focus strongly on "how we use possession", the crucial aspect of Bath's play that exposed their inability to turn pressure into points. For much of the game Cardiff carefully shepherded the English champions into harmless areas of the field where they found it difficult to unleash their strike-runners, notwithstanding a good supply of ball. Bath's only try by the flanker Nathan Thomas was not scored until the closing minutes.

Once again searching questions were asked of Mike Catt that the Bath and England fly-half struggled to answer. In sharp contrast to Cardiff's Jonathan Davies, who often stretched the Bath defence with astute punting, Catt seemed to have no coherent overview of his basic pivotal duties and instead favoured flashy miss-passes or risky breaks that were quickly smothered. The impression persists that Catt's true position is really inside-centre.

Bath's imminent signing of Steve

Atherton, the South African Test lock, may be a sound long-term investment, but that acquisition does not address the immediate problem of how Bath intend to turn the screw on opponents from behind the scrum. Second-rate sides such as Bristol, who recently concededly 10 tries at the Rec, may have lulled Bath into a false sense of their own attacking capability.

Arguably, Hall's decision to leave out his key goalkeeper Jonathan Callard left Bath no insurance policy

Leicester 23 Harlequins 13

Tigers soar to great win

Jan Maitl

THE northern hemisphere's version of the Super-12 tournament was designed to expand the horizons of Europe's players and expose them to different rugby cultures. It is ironic, then, that the competition's favourites are now Leicester, as unpretentious and English as a steak and kidney pudding.

Toulouse, still smarting from last month's 77-17 pasting at Wasps, will hardly relish a semi-final trip to Welford Road in January where they will face a pack described by Harlequins' coaching director Dick Best as the "best in Europe".

After the match Bob Dwyer, Leicester's cerebral Australian coach, joked about fielding Northampton's backs and his forwards in the combined fixture against Western Samoa next month. There was a serious message in the jest. Leicester, for all the virtues of their mighty pack, are still not quite able to play a convincing 15-man game.

Dwyer wants to make Leicester less predictable, and Neil Back, the explosive flanker who can be the missing link in the evolution of his coach's dream, will play a crucial role. But Back's homecoming was rudely interrupted after 33 minutes when he left the field clutch-

ing an injured hamstring. Back's replacement, the Ireland A player Eric Miller, performed admirably in the second half as the Tigers put the visitors in one of their bear hugs, pinning them down in their own half, disrupting their line-out and slowing down the rhythm of a game which was not decided until the final minute when Rob Liley registered the deciding try.

Quins were left to rue missed first-half opportunities when they had the Tigers in a trap. Gary Connolly's loose pass with a two-man overlap wasted a chance to add to Dan Luger's exhilarating eighth-minute score. But Connolly can hardly be blamed. His strong, incisive running fashioned a try for Will Carling after the break, and he and Jim Staples were the pick of the Quins backs.

Harlequins, as Best admitted, had their hearts set on this trophy. "Now we're back to the humdrum of the league, which we really want to win for the first time. But we have expanded our style in this competition and learned a lot about ourselves."

Dwyer said: "I don't think we're too far off the quality of the bottom teams in the Super-12. This European competition will improve the quality of the Five Nations and it's forcing up the level of players."

Cryptic crossword by Fawley

A crossword puzzle grid with numbered squares and some filled-in letters.

- A list of crossword clues categorized by 'ACROSS' and 'DOWN'. Clues include: '1. Town's almost put claim in for redevelopment (8)', '19. Introduction of Spanish article passed over by puritan (7)', etc.

A section titled 'Last week's solution' showing a grid of letters with words like 'CONFIRE', 'BORAPPY', 'ROMEO', etc. highlighted.

once it became apparent that the Cardiff line was not for crossing. Catt did kick 14 points but crucially he failed with three penalties, any one of which might ultimately have taken the game into extra-time had it gone over. Near the end Ian Sanders's decision to run a penalty looked foolhardy.

Frequent changes in personnel have probably contributed to Bath's loss of cohesion, conveying the message that the management believe tactical shortcomings can be remedied by bringing in fresh faces. Hall has created a tricky problem, having assembled a quality squad of around 40 players, most of whom believe they should be first-team regulars. Bath have become a club without a recognisable line-up.

Terry Holmes, the Cardiff coach, may have been unduly modest when he said the leading Welsh clubs had proved they could compete on equal terms with their English counterparts. On Saturday Cardiff, with inspirational characters like Jonathan Humphreys and Robert Howley, looked capable of beating any side in Britain and most of those in France (too, Nigel Walker clinching Cardiff's semi-final place with a marvellous opportunity try just before the hour, courtesy of a slick pass by Davies).

Lee Jarvis, a replacement for the injured Justin Thomas, put the game beyond Bath's reach with two towering penalties in the final 15 minutes.

Bath contrived to make the scoreline a bit more respectable with their late try but, in truth, nothing could soften this massive blow to their pride and reputation. As Holmes pointed out, Toulouse are the only club who can say they are the best in Europe because they actually won the cup last season.

- 2. Poor Spooner's caught by two nouns he's never heard of (3-6)
- 3. 24 Gain court order for replacing roofing material? (10, 4)
- 4. Response to advertising a job - the sack? (7)
- 5. Pa crashes posh car in the river (7)
- 6. 13 Hit production for ageing hippies, perhaps? (4, 10)
- 7. Green stuff covering coastal features, we're told (5)
- 8. 23 Creating a scene by putting on airs? (8, 5)
- 13. See 6 down
- 14. See 1 down
- 16. Al expanded into recyclable packaging (8)
- 18. Nothing in edition of Milton provided illumination (7)
- 19. Endlessly show off neat contradiction? (7)
- 21. Belief held by sacred order (5)
- 22. See 8 down
- 24. See 3 down